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State of Utah

DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

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Division Director

Inspection Report

Minerals Regulatory Program

September 10, 2008

Reviewed: RM

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|---|--|
| Mine Name: Unpermitted Site near Mt. Pleasant, Utah | Permit Number: Unpermitted |
| Operator Name: Red Wolfe Development Inc. | Inspection Date: September 9, 2008 |
| Inspector(s): Lynn Kunzler, DOGM | Time: 10:00 am |
| Other Participants: Dan Wolfe, Operator, Dick Ruiz, Property Owner | Mine Status: undergoing reclamation |

| Elements of Inspection | Evaluated | Comment | Enforcement |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 1. Permits, Revisions, Transfer, Bonds | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. Public Safety (shafts, adits, trash, signs, highwalls) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Protection of Drainages / Erosion Control | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Deleterious Material | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Roads (maintenance, surfacing, dust control, safety) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Reclamation | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. Backfilling/Grading (trenches, pits, roads, highwalls, | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. Soils | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. Revegetation | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. Other | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Purpose of Inspection:

Inspection made at the request of the land owner.

Inspection Summary:

The Division was first made aware of this site in October, 2007. At that time, the operator indicated that he had removed all material that he was interested in, and that he would reclaim the site as per the agreement he had with the landowner (the operator was not aware that his extraction activity constituted a mining operation that needed to be permitted by DOGM. Since the extraction had been completed, and a DOGM permit is not required to do reclamation, no permit was required. However the operator had been told he needed to finish the reclamation in a timely manner, or the Division may take enforcement action for mining without a permit. In June of 2008, I met with the Mr. Ruiz. Most of the reclamation had been completed and Mr. Ruiz was concerned that the operator would not finish the job. Red Wolfe, MPI was contacted at that time and was informed of the need to meet with Mr. Ruiz to finish the reclamation. This joint inspection was to determine what tasks needed to be done to complete reclamation (if any), and to make sure the operator, DOGM and the land owner were clear on what would constitute final reclamation. The Operator was concerned that he had completed the reclamation agreed to with the land owner and that the owner was trying to get improvements made at his expense.

Conclusions and Recommendations:

After reviewing the site, the operator agreed that his crew had not completed the reclamation and he would have the following tasks done by October 15, 2008:

- Using a rock rake or other appropriate equipment, the surface rocks would be removed from the surface and stacked in by the gate in the northwest corner of the property for use by the owner. The remaining small pits would be filled in or regraded and the overall topography

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would be left as rolling hills (vs. completely leveled – it is likely that dragging a rock rake across the area will not only remove the surface rock, but eliminate the need for any additional grading with the exception of the small pit on the southern side).

- The disturbed areas will be seeded with a pasture grass mix appropriate for the post mining land use of grazing (cattle).
- The landowner will replace the damaged gate and the operator agreed to reimburse the cost of the new gate.
- A joint inspection between the operator, landowner and DOGM will be conducted at the conclusion of the above reclamation activities.
- DOGM will not pursue enforcement action against the operator so long as this agreement is met.

Inspector's Signature



LK:pb

cc: Dan Wolfe, Red Wolfe Development Inc.

Richard Ruiz, Land Owner (40West 400 North, Mount Pleasant, UT 84647)

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